

Collecting Data: when, why, how

- A. In 2004 in preparation for home improvements
- B. In 2014 I was working with the Residential Policy Committee (RPC)
 - The RPC had only high level reconstruction data
 - I decided to research the subject
 - The volume of reconstruction
 - How many builders were doing reconstruction in Lexington
 - Which towns the builders were traveling from
- C. SPRD came to my attention in 2014 as a result of the Robinson Woods project
- D. I call a contractor or knowledgeable Town employees with questions
- E. I do some research

In any project a builder has 3 opportunities to make a profit

- 1) Acquisition Cost
- 2) Construction Costs
 - a) Site work
 - b) Engineering
 - c) House construction
 - d) Material and labor
 - e) Commissions
- 3) Sales Revenue

Why do Balanced Housing

AQUISITION		SPRD vs Conventional
Acquisition cost	A	No difference unless the seller is more aware
Proof Plan buildable lots	B	Can include very difficult pieces of land
BHD and PB buildable lots	C	Many more buildable lots – most often twice as many

Why do Balanced Housing

AQUISITION		SPRD vs Conventional or Reconstruction
Acquisition cost	A	No difference unless the seller is aware of BHD/PB
Proof Plan buildable lots	B	
BHD and PB buildable lots	C	Many more buildable lots – most often twice as many
COSTS		
Cost per buildable lot	D	Much less – most often half the cost
Site Work costs	E	Almost the same but spread over many more homes
Construction costs	F	Less but not proportionally so
Subcontracting & scheduling	H	Easier because workers are on site for a much longer period

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SALES		
Can undercut market prices	J	Not much; buyers pay more psf for smaller houses
Lowers market risk	K	Most houses are in the most sought after range
Faster sales	L	Can move on to the next project quickly
Buzz of a new neighborhood	M	“new start mentality” and a more neighborhood feel

How much flexibility does BHD/PB give a Builder?

4 recent projects

	Grey Oaks (439 Lincoln St)	Jefferson Dr (Grove St)	Robinson Woods	Hobbs Brook (443 Lincoln St)
	4 acres	12 (6) acres	4 acres	4 acres
# of lots via BHD/PB	14	29	12	8
# of lots Proof Plan (CS)	6?	13	5	4
Acquisition cost	\$3,750,000	\$5,000,000	\$1,200,000	\$1,886,000
BHD/PB cost per buildable lot	\$268,000	\$172,000	\$100,000	\$235,000
CS cost per buildable lot	\$625,000	\$385,000	\$240,000	\$472,000
Sales Price High	\$1,459,000	\$1,695,000	\$1,050,000	\$1,089,900
Sales Price Low	\$930,000	\$995,000	\$827,000	\$949,900
Avg Sales price	\$1,200,000	*\$1,350,000	\$966,000	\$1,022,025

*for first 15 homes

From an Applicant when asked to consider an affordable unit in a BHD project

- We build about 80 houses per year
- It costs between \$350K and \$400K to build a unit
 - Construction cost only
- We will sell for between \$779K and \$879K
- We work on a 15% margin (cannot afford an affordable unit on this project)
- We build affordable units all of the time
- Affordable units are done via zoning (not through negotiation)

All of this was said during taped Public Meetings

www.symesassociates.com

Reconstruction/SPRD Comparison

82 North St and 2 Jefferson Dr



Reconstruction/SPRD Comparison

82 North St and 2 Jefferson Dr

Google: sold 82 North St Lexington MA and choose the Redfin result



Reconstruction/SPRD Comparison


82 North St and 2 Jefferson Dr


Google: sold 2 jefferson dr lexington ma and choose the Redfin result



Reconstruction Comparison

82 North St

 **LEXINGTON, MA**



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82 NORTH ST

[Q Sales](#) [Print](#) [Field Card](#) [Map It](#)

Location 82 NORTH ST

Mblu 76/ / 20/ /

Acct#

Owner ZHENG WU &

Assessment

Appraisal \$1,607,000

PII

Building Count 1

A \$500K
difference

	Acquisition	Sales Price	Sq Ft	Beds	Baths	SOLD*
2 Jefferson Dr	\$172K	\$1,695,000*	4154	5	5.5	5-28-2019
82 North St	\$675K	\$1,680,000	4179	4	5	3-16-2017

Re reconstruction: "A \$200,000 profit is ***not bad but.....***" - a local builder

Reconstruction/SPRD Comparison - 4 Hill St vs Jeff Dr and Hobbs Brook Ln



Purchase Price \$443K; Asking Price \$1,368K leaving \$925K

Reconstruction/SPRD Comparison - 4 Hill St vs Jeff Dr and Hobbs Brook Ln



Google: for sale 4 hill st lexington ma and choose the Redfin result

Reconstruction/SPRD Comparison - 4 Hill St vs 8 and 10 Jeff Dr and 17 Hobbs Brook Ln



8 and 10 Jefferson Dr (2 units each) are only slightly different with the same prices

Reconstruction Comparison - 4 Hill St vs Jeff Dr and Hobbs Brook Ln 5



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How much flexibility does BHD/PB give a Builder?

4 current projects

	4 Hill St (reconstruction)	5 Hobbs Brook Ln (BHD)	8 Jefferson Dr (PB)	10 Jefferson Dr (PB)
Acquisition cost per lot	\$443,000	\$235,000	\$172,000	\$172,000
Lot acquisition cost delta – Reconstruction vs SPRD	0	\$208,000	\$271,000	\$271,000



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Acquisition cost per lot	\$443,000	\$235,000	\$172,000	\$172,000
Lot acquisition cost delta – Reconstruction vs SPRD	0	\$208,000	\$271,000	\$271,000
Ask price for these homes	\$1,368,000	\$1,089,900	\$1,195,000	\$1,195,000
Ask Price + Acquisition delta	\$1,368,000	\$1,297,900	\$1,466,000	\$1,466,000
Square Feet	3000	2513	2912	2921
Beds	3	3	3	4
Baths	3.5	3	3.5	4.5

The
Same
ballpark

Re reconstruction: “A \$200,000 profit is ***not bad but.....***” - a local builder

My Message

- There is a lot of profit in building a new house in Lexington
- The benefits of Balanced Housing and Public Benefit housing are substantial
- It is clear that we should require moderately priced housing with every Special Permit that increases density (BHD and PB) via:
 - Affordable and/or
 - A percent of AMI
- Re reconstruction: “A \$200,000 profit is ***not bad but.....***” - a local builder
- “We do affordable housing all of the time but it has to be done via zoning” - a developer who is doing a BHD project in Lexington

How much flexibility does BHD and PB give a Builder?

Grove St example: Density Bonus

Acquisition Cost	A	\$5,000,000	
Conventional buildable lots	B	13	Determined by the “Proof Plan”
Conventional cost per buildable lot	C	\$384,615	(A / B)
BHD/PB buildable lots	D	29	3 are affordable homes, 26 market price
BHD/PB cost per buildable lot	E	\$172,414	(A / D)
Cost per buildable lot difference	F	\$212,201	(C-E)
Total <u>buildable lot</u> cost reduction: for Conventional vs BHD/PB	H	\$5,517,226	(26 * F); does not include 3 affordable house lots
Builder cost for 3 affordable houses	I	\$1,800,000	Per Builder’s attorney (\$600K each)
Builder sales for 3 affordable houses	J	\$828,000	Per MOU with BOS (\$276K each)
Net Cost to Builder for 3 affordable	K	\$972,999	(I – J) that is \$324K per house
Buildable lot cost reduction	L	\$4,544,227	(H - K)

How much does an affordable house cost the builder?

It depends, but here is the Grove St example

Builder cost for 3 affordable houses	\$1,800,000	Per Builder's attorney (\$600K each)
Builder sales for 3 affordable houses	\$828,000	Per MOU with BOS (\$276K each)
Net Cost to Builder for 3 affordable	\$972,999	(I – J) that is \$324K per house

Looking at homes in the \$1.6 to \$1.7 mil bracket

2019 Data

Street	#	Asking \$\$	Sold \$\$	Square Ft	Beds	Baths
Jefferson Dr	2	\$1,695,000		4154	5	5.5
Farm Rd	6	\$1,689,000	\$1,400,000	4284	4	3.5
Jefferson Dr	1	\$1,680,000		4128	5	5.5
Farmcrest Ave	51	\$1,675,000		3977	5	5.5
Martingale Rd	5	\$1,675,000	\$1,760,000	3476	4	4
Stonewall Rd	5	\$1,675,000	\$1,800,000	3000	5	3
Outlook Dr	91	\$1,669,000	\$1,630,000	3938	6	3.5
Jefferson Dr	6	\$1,650,000		4097	4	4.5
Robinson Rd	44	\$1,650,000	\$1,590,000	4400	5	3.5
Grove St	210	\$1,648,000		4358	4	3.5
Skyview Rd	32	\$1,645,000		3729	4	4.5
Marrett Rd	255	\$1,639,000		3900	5	5
Jefferson Dr	3	\$1,610,000		4097	4	4.5
Adams St	111	\$1,600,000		3938	5	4

Most of these houses are new(er) and none are in original condition

How much flexibility does BHD/PB give a Builder?

443 Lincoln St example

Acquisition Cost	A	\$1,886,000	
Proof Plan buildable lots	B	4	Applicant said a non-starter
Proof Plan cost per lot	C	\$471,500	\$121,635 more than Grove St
BHD buildable lots	D	8	
BHD cost per lot	E	\$235,750	\$63,336 more than Grove St
Cost per buildable lot differential	F	\$235,750	(C – E)
Builder's Purchase Bonus	G	\$1,886,000	(F * 8)
Cost of 0 affordable houses	H	\$0	
Buildable lot bonus to builder	I	\$1,886,000	
Symes Pro Forma Sales price	J	\$779K to \$879K	This was the plan
Actual average asking price using local broker with market knowledge	K	\$1,038,900	The Lexington market effect
Builders Sales bonus	L	\$1,679,200	(K minus J-average) * 8

The builder's pro-forma said that he could not afford a moderate price unit.
The actuals show that he could have afforded one.

Site Work – what does it cost

- Water Mains and house service
 - <http://bwlddn.gov.ph/new-service-connection-application/>
- Sewer lines
 - 13' x 6" sewer line costs between \$55 and \$80
 - 900 feet costs about \$5,000
- Water main lines
 - Cost per foot between \$50 and \$150
 - Between \$30,000 and \$90,000 for 600 feet
- Fire hydrants cost about \$1000 each and are roughly 300 to 400 feet apart
- Sand beds for water and sewer pipes is a modest additional cost
- \$2000 per day for heavy equipment including the operator
- \$100,000 to move 4000 cu yds of earth